

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Dunn Analyst: Marion Mann DeJong Bill Number: SB 1724

Related Bills: See Prior Analysis Telephone: 845-6979 Amended Date: 06/08/2000

Attorney: Patrick Kusiak Sponsor:

**SUBJECT:** Prohibit Disclosure of Tax Return Information by Tax Preparers and Businesses

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED May 17, 2000, STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

This bill would:

- Expand criminal sanctions for disclosures of tax return information by businesses that prepare returns to add certain disclosures made either within the tax preparing firm or to subsidiaries or affiliates of the tax preparing firm.
- Add filing an income tax return electronically to the list of activities that defines persons engaged in the business of preparing tax returns or assisting in the preparation of tax returns.
- Modify the definition of "tax preparers" to include persons who, for consideration other than a fee, prepare tax returns for another person.
- Make each violation of the criminal provisions regulating the practice of tax preparers a separate offense.
- Establish a civil penalty for disclosure of tax return information provided by a consumer in connection with financial or business-related transactions.
- Specify that tax return information includes information obtained through an electronic medium.
- Require the disposal of tax return information in a manner that protects the identity of the taxpayers.

This bill does not directly impact the programs administered by the Franchise Tax Board.

### Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

### Legislative Director

### Date

Johnnie Lou Rosas

6/15/2000

#### SUMMARY OF AMENDMENT

The June 8, 2000, amendment made a minor change to the provision that prohibits unrelated use of tax return information. The reference to federal or state tax return information was changed from information "contained therein" to information "obtained therefrom."

The department's analysis of the bill as amended May 17, 2000, still applies. The "Policy Consideration," the "Implementation Consideration," and "Board Position" from the prior analysis are reiterated below.

#### POLICY CONSIDERATIONS

This bill would provide additional protection to taxpayers from unauthorized disclosure and careless disposal of tax return information. The added protection would cover businesses that prepare and electronically file tax returns and should reduce taxpayers' fears regarding electronic filing. Taxpayer confidence in the security of electronic filing is needed to accomplish the department's goal of a paperless filing system.

#### IMPLEMENTATION CONSIDERATION

Implementing this bill would not affect the department's programs and operations, but may foster greater acceptance of paperless, electronic filing methods.

#### BOARD POSITION

Pending.